15Q - PENSION OBLIGATION BOND AMORTIZATION

Operational Summary

Description:

To record the use of the County's investment account held by the Orange County Retirement System (OCERS) for normal and unfunded accrued actuarial liability (UAAL) costs.

In 1994 taxable Pension Obligation Bonds were sold to finance the County's UAAL obligation. The County deposited $318.3 million in an investment account held by OCERS. The investment account is a part of the OCERS investment pool and as such earns the same rate of return.

The investment account was initially used to make annual payments to satisfy the County's UAAL obligation according to a 15-year amortization schedule in lieu of County cash contributions; however, in 1996 the County and OCERS concluded an agreement by which the UAAL is amortized according to a 28-year schedule and the investment account is used to pay an annually declining portion of the County's normal cost obligation.

At a Glance:

Total FY 2002-2003 Projected Expend + Encumb:	45,366,736
Total Recommended FY 2003-2004 Budget:	16,000,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Use of the County's investment account in the Orange County Employees Retirement System to mitigate cash contributions for normal and unfunded accrued actuarial pension costs.

Budget Summary

Proposed Budget and History:

Sources and Uses	FY 2001-2002 Actual	FY 2002-2003 Budget As of 3/31/03	FY 2002-2003 Projected[1] At 6/30/03	FY 2003-2004 Recommended	Change from FY 2002-2003 Projected	
					Amount	Percent
Total Revenues	36,239,722	55,300,889	45,366,736	16,000,000	(29,366,736)	-64.73
Total Requirements	36,239,722	55,300,889	45,366,736	16,000,000	(29,366,736)	-64.73
Balance	0	0	0	0	0	0.00

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2002-2003 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Pension Obligation Bond Amortization in the Appendix on page 635.